

COMPANY NO: 499423

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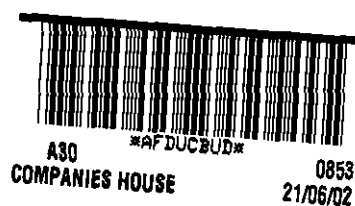
# PARKERSELL LIMITED

## GROUP ANNUAL REPORT

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◆ *Year ended 31 December 2001* ◆

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## **PARKERSELL LIMITED**

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### **COMPANY INFORMATION**

Directors	L Bermejo M Horlock J Roberts J Winterbottom
Secretary	Mrs E Gosden
Registered office	Elizabeth House 56 – 60 London Road Staines Middlesex TW18 4BQ
Registered number	499423
Auditors	RSM Robson Rhodes Chartered Accountants 186 City Road London EC1V 2NU
Bankers	Royal Bank of Scotland PO Box 32846 Regents House London N1 8FT

**REPORT OF THE DIRECTORS**

The directors present their report and the audited consolidated financial statements of the Parkersell Group for the year ended 31 December 2001.

**Principal activities**

The principal activity of the Group during the year continued to be the installation and maintenance of lighting and electrical services. On 1<sup>st</sup> July 2001, Pinniger and Partners Limited (formerly Parkersell International Lighting Services Limited) acquired the assets and liabilities of Pinniger and Partners, adding lighting design services to the Group's activities.

On 5<sup>th</sup> February 2002, the Group sold its subsidiary, Parkersell Highway Lighting Services Limited to David Webster Limited.

**Results and dividends**

The Group profit for the year after taxation amounted to £1,817,330 (2000: £1,835,850) and is dealt with as shown in the profit and loss account on page 5.

The directors propose a final dividend for the year of 235.71 pence per share (2000: 257.14). No interim dividend was paid (2000: nil).

**Creditors**

It is the Group's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the Group's policy that payment is made accordingly. Creditor days at 31 December 2001 were 43 (2000: 83).

**Employee Involvement**

The Company has for many years been fully committed to securing the full co-operation and involvement of its employees in the success of the business.

This is achieved by direct communication and consultation with all employees and with representatives, where appropriate, at the locations in which they work. Employees are regularly informed of the performance and progress of their company by briefing groups and are encouraged to maximise company performance by means of incentive schemes.

**Disabled Employees**

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

**REPORT OF THE DIRECTORS (continued)**

**Directors and their interests**

The present membership of the Board is set out on page 1.

Mr J-P Riehl resigned as a director of the Company on 28<sup>th</sup> August 2001.

Messrs J Winterbottom and L Bermejo are the directors retiring by rotation under Article 89 and, being eligible, offer themselves for re-election.

None of the directors had any notifiable interests in the share capital of the Company or any other Group undertakings as at 31 December 2001.

**Statement of directors' responsibilities for the Annual Report**

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

**Auditors**

RSM Robson Rhodes are willing to continue in office, and a resolution to reappoint them will be proposed at the Annual General Meeting.

The report of the directors was approved by the Board on 10 June 2002 and signed on its behalf by:



Mrs E Gosden  
Secretary

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF PARKERSELL LIMITED**

We have audited the financial statements on pages 5 to 27.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

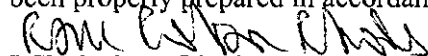
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
RSM Robson Rhodes

Chartered Accountants and Registered Auditors

London, England  
10 June 2002

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2001

	Note	2001 £	Restated 2000 £
<b>Group Turnover</b>			
Current year acquisitions		201,590	-
Other continuing operations		30,343,681	27,836,850
Total continuing operations		30,545,271	27,836,850
Discontinued operations		5,231,842	4,899,171
<b>Group Turnover</b>	2	35,777,113	32,736,021
Change in stocks and work in progress		52,302	155,829
		35,829,415	32,891,850
Raw materials and consumables		(12,395,912)	(10,629,396)
		23,433,503	22,262,454
Staff costs	5	(12,852,655)	(11,852,963)
Depreciation and amortisation	3	(551,754)	(587,010)
Other operating charges		(7,454,340)	(7,526,709)
		(20,858,749)	(19,966,682)
<b>Analysis of group operating profit</b>	3		
Current year acquisitions		(3,212)	-
Other continuing operations		4,166,009	2,395,985
Total continuing operations		4,162,797	2,395,985
Discontinued operations		(1,588,043)	(100,213)
<b>Group Operating Profit</b>	3	2,574,754	2,295,772
Interest receivable and similar income	6	129,004	243,160
Interest payable and similar charges	7	(39,317)	(6,555)
<b>Profit on ordinary activities before taxation</b>	2	2,664,441	2,532,377
Tax on profit on ordinary activities	8	(847,111)	(696,527)
<b>Profit on ordinary activities after taxation</b>		1,817,330	1,835,850
Dividends	9	(1,650,000)	(1,800,000)
<b>Retained profit for the financial year</b>	20	167,330	35,850

**PARKERSELL LIMITED**

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**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Year ended 31 December 2001**

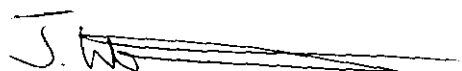
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	1,817,330	1,835,850
Prior year adjustment	-	222,432
Currency translation differences on foreign currency net investments	<u>(35,204)</u>	<u>16,951</u>
<b>Total recognised gains and losses for the year since the last annual report</b>	<u><b>1,782,126</b></u>	<u><b>2,075,233</b></u>



**PARKERSELL LIMITED****CONSOLIDATED BALANCE SHEET  
at 31 December 2001**

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Intangible assets	10	471,000	-
Tangible assets	11	<u>1,742,556</u>	<u>1,990,101</u>
		2,213,556	1,990,101
<b>Current assets</b>			
Stocks and work in progress	13	3,160,096	3,107,794
Debtors	14	10,360,990	9,502,019
Cash at bank and in hand		<u>4,016,260</u>	<u>4,205,889</u>
		17,537,346	16,815,702
<b>Creditors: Amounts falling due within one year</b>	15	<u>(9,167,558)</u>	<u>(8,250,544)</u>
<b>Net current assets</b>		<u>8,369,788</u>	<u>8,565,158</u>
<b>Total assets less current liabilities</b>		10,583,344	10,555,259
<b>Creditors: amounts falling due after more than one year</b>	16	(55,141)	(87,182)
<b>Provisions for liabilities and charges</b>	17	<u>(195,000)</u>	<u>(267,000)</u>
<b>Total net assets</b>		<u>10,333,203</u>	<u>10,201,077</u>
<b>Capital and reserves</b>			
Called up share capital	19	700,000	700,000
Share premium account	20	238	238
Other reserves	20	26,791	26,791
Profit and loss account	20	<u>9,606,174</u>	<u>9,474,048</u>
<b>Total equity shareholders' funds</b>	21	<u>10,333,203</u>	<u>10,201,077</u>

The financial statements were approved by the Board on 10 June 2002 and signed on its behalf by:

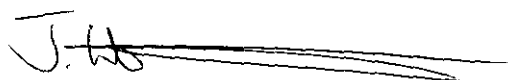


J Winterbottom  
Director

**PARKERSELL LIMITED****COMPANY BALANCE SHEET  
at 31 December 2001**

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	11	307,794	315,426
Investments	12	<u>701,081</u>	<u>701,081</u>
		<u>1,008,875</u>	<u>1,016,507</u>
<b>Current assets</b>			
Debtors	14	3,838,600	3,696,878
Cash at bank and in hand		<u>530,869</u>	<u>934,440</u>
		4,369,469	4,631,318
<b>Creditors: Amounts falling due within one year</b>	15	<u>(2,192,821)</u>	<u>(2,644,904)</u>
<b>Net current assets</b>		<u>2,176,648</u>	<u>1,986,414</u>
<b>Total net assets</b>		<u>3,185,523</u>	<u>3,002,921</u>
<b>Capital and reserves</b>			
Called up share capital	19	700,000	700,000
Share premium account	20	238	238
Other reserves	20	26,791	26,791
Profit and loss account	20	<u>2,458,494</u>	<u>2,275,892</u>
<b>Total equity shareholders' funds</b>	21	<u>3,185,523</u>	<u>3,002,921</u>

These financial statements were approved by the Board of Directors on 10 June 2002 and signed on behalf of the Board of Directors:



J Winterbottom  
Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2001**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

**Basis of Consolidation**

The Group accounts consolidate the accounts of Parkersell Limited and all its subsidiary undertakings drawn up for the year ending 31 December. No profit and loss account is presented for Parkersell Limited as permitted by section 230 of the Companies Act 1985.

**New accounting standards**

FRS 18 "Accounting Policies" has been adopted for the first time in these accounts. It did not cause any changes in policy, as after careful review, the directors are satisfied that the current accounting policies are the most appropriate for the Company.

**Related party transactions**

The Company has taken advantage of the exemption contained in FRS 8 not to present transactions with other group entities as it is a wholly owned subsidiary of Dalkia plc, and such transactions are eliminated on consolidation.

**Goodwill**

Purchased goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful life. Goodwill arising prior to the introduction of FRS 10 remains written off against reserves; on disposal or closure of a business, or if any impairment is identified, a charge is made to the profit and loss account.

**Tangible fixed assets**

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful lives of the assets. Where there is evidence of impairment, fixed assets are written down to recoverable amount. The rates of depreciation are as follows:

Freehold properties	2% per annum
Short leasehold improvements	10% per annum
Plant and machinery	20% per annum
Computer and office equipment	10% to 33 1/3% per annum
Private vehicles	25% to 33 1/3% per annum
Commercial vehicles	25% to 40% per annum

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001**

**1. ACCOUNTING POLICIES (continued)**

**Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

**Market research**

Expenditure on market research is written off in the period in which it is incurred.

**Deferred taxation**

Provision is made for deferred taxation using the liability method, without discounting, on timing differences calculated at rates at which it is estimated that tax will be payable.

Previously provision was only made to the extent that it was probable that the tax would become payable in the foreseeable future.

The Company adopted FRS 19 Deferred Taxation ahead of the mandatory deadline. This resulted in a prior year adjustment arising in 2000. The effect of this standard is explained within note 8.

**Foreign currencies**

*Company*

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

*Group*

The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Trading results of these subsidiaries are translated at an average rate of exchange for the year. The exchange differences arising on the re-translation of the financial statements of overseas subsidiaries undertakings are taken directly to retained profits. All other translation differences are taken to the profit and loss account.

**Leases**

Assets held under hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals under operating leases are charged to profit and loss in equal annual amounts over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****1. ACCOUNTING POLICIES (continued)****Pensions**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost of the service lives of employees in the schemes operated by the Group in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

**2. TURNOVER**

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax. The turnover and pre tax profit are attributable to two activities, the installation and maintenance of lighting and electrical equipment and the provision of lighting design services.

Group turnover and profit before tax by geographical location were as follows:

	<b>Turnover</b>		<b>Profit before tax</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
United Kingdom	34,149,177	31,316,863	2,548,120	2,420,813
Rest of Europe	<u>1,627,936</u>	<u>1,419,158</u>	<u>141,026</u>	<u>111,564</u>
	<u>35,777,113</u>	<u>32,736,021</u>	<u>2,689,146</u>	<u>2,532,377</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****3. GROUP OPERATING PROFIT**

<b>2001</b>	<b>Continuing £</b>	<b>Discontinued £</b>	<b>Total £</b>
<b>Turnover</b>	30,545,271	5,231,842	35,777,113
Change in stocks and in work in progress	(36,056)	88,358	52,302
Raw materials and consumables	(8,446,052)	(3,949,860)	(12,395,912)
Staff costs	(11,130,192)	(1,722,463)	(12,852,655)
Depreciation and amortisation	(462,341)	(89,413)	(551,754)
Other operating charges	(6,307,833)	(1,146,507)	(7,454,340)
<b>Group operating profit</b>	<b>4,162,797</b>	<b>(1,588,043)</b>	<b>2,574,754</b>
<b>2000</b>	<b>Continuing £</b>	<b>Discontinued £</b>	<b>Total £</b>
<b>Turnover</b>	27,836,850	4,899,171	32,736,021
Change in stocks and in work in progress	(151,681)	307,510	155,829
Raw materials and consumables	(8,008,835)	(2,620,561)	(10,629,396)
Staff costs	(10,284,357)	(1,568,606)	(11,852,963)
Depreciation and amortisation	(484,088)	(102,922)	(587,010)
Other operating charges	(6,511,904)	(1,014,805)	(7,526,709)
<b>Group operating profit</b>	<b>2,395,985</b>	<b>(100,213)</b>	<b>2,295,772</b>

The discontinued operations relate to the sale of the Group's subsidiary, Parkersell Highway Lighting Services Limited on 5 February 2002.

This year, acquisitions contributed £931 to the increase in stocks and in work in progress, £nil to raw materials and consumables, £122,461 to staff costs, £29,259 to depreciation and amortisation and £54,013 to other operating charges.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****3. GROUP OPERATING PROFIT (continued)**

Group operating profit is stated after charging/(crediting):

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned assets	498,784	577,398
Assets held under finance leases	28,265	9,612
Amortisation of goodwill	24,705	-
Auditors' remuneration		
Audit fees	21,000	35,000
Other services	14,379	6,594
Operating lease rentals		
Land and buildings	516,767	521,924
Other	1,400,839	1,187,154
Profit on sale of fixed assets	<u>(12,752)</u>	<u>(20,444)</u>

Auditors' remuneration in respect of the Company audit amounted to £13,000 (2000: £13,000).

**4. DIRECTORS' REMUNERATION**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Emoluments (excluding pension contributions)	204,137	161,557
Compensation for loss of office	<u>-</u>	<u>56,485</u>
<b>Number of directors who:</b>	<b>No.</b>	<b>No.</b>
Are members of a defined benefit scheme	<u>2</u>	<u>2</u>
<b>Highest paid directors' remuneration:</b>		
Emoluments (excluding pension contributions)	<u>117,294</u>	<u>110,791</u>

The amount of the accrued pension of the highest paid director at 31 December 2001 was £6,608 (2000: £5,012). The increase in the year (excluding any increase for inflation) was £1,446 (2000: £1,228).

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****5. STAFF COSTS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Wages and salaries	11,659,529	10,731,501
Social security costs	873,631	826,885
Other pension costs	319,494	294,577
	<u>12,852,655</u>	<u>11,852,963</u>
<b>Average staff numbers:</b>	<b>No.</b>	<b>No.</b>
Management	31	30
Sales	36	40
Admin	122	119
Operations	469	431
	<u>658</u>	<u>620</u>

**6. INTEREST RECEIVABLE**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank interest	767	2,721
Intercompany	128,237	240,439
	<u>129,004</u>	<u>243,160</u>

**7. INTEREST PAYABLE**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	27,530	1,161
Finance lease charges	11,748	5,194
Other	39	200
	<u>39,317</u>	<u>6,555</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
Year ended 31 December 2001

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
<b>Corporation Tax:</b>		
UK Corporation tax at 30% (2000: 30%)	796,000	798,000
Overseas taxation	<u>35,476</u>	<u>28,085</u>
Current Corporation Tax	831,476	826,085
Under/(over) provision in prior years	<u>2,874</u>	<u>(84,644)</u>
<b>Total corporation tax</b>	<u>834,350</u>	<u>741,441</u>
<b>Deferred tax:</b>		
Timing differences, origination and reversal	12,761	(46,752)
Effect of change in tax on opening liability	<u>-</u>	<u>1,838</u>
<b>Total deferred tax</b>	<u>12,761</u>	<u>(44,914)</u>
Tax charge for the year	<u>847,111</u>	<u>696,527</u>

The tax charge for the year has been decreased by £nil (2000: £44,914) as a result of the early adoption of FRS19.

	2001 £	2000 £
Profit on ordinary activities before tax	<u>2,664,441</u>	<u>2,532,377</u>
Corporation tax at 30%	806,744	759,713
Factors affecting the Current Tax charge:		
Expenses not deductible for tax purposes	42,672	25,004
Capital allowances in excess of depreciation	5,680	(1,799)
Other short term timing differences	(16,788)	48,551
Different rates of tax on overseas earnings	(6,832)	(5,384)
Discontinued operations	<u>-</u>	<u>-</u>
Current tax charge for the period	<u>831,476</u>	<u>826,085</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****9. DIVIDENDS**

	2001 £	2000 £
Final proposed 235.71 pence per ordinary share (2000: 257.14 pence)	<u>1,650,000</u>	<u>1,800,000</u>

**10. INTANGIBLE ASSETS**

	<b>Goodwill</b> £
<b>Cost</b>	
Arising on acquisition	<u>495,705</u>
At 31 December 2001	<u>495,705</u>
<b>Amortisation</b>	
Charge for the year	<u>24,705</u>
At 31 December 2001	<u>24,705</u>
<b>Net Book Value</b>	
At 31 December 2001	<u>471,000</u>

On 1<sup>st</sup> July 2001, Pinniger and Partners Limited acquired the assets and liabilities of Pinniger and Partners as follows:

	£
<b>Net assets acquired:</b>	
Tangible fixed assets	18,643
Debtors	84,902
Work in progress	8,979
Creditors	<u>(62,524)</u>
	50,000
Goodwill	<u>495,705</u>
	<u>545,705</u>
<b>Satisfied by</b>	
Cash	<u>545,705</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001**

**11. TANGIBLE FIXED ASSETS**

Group	Freehold properties	Short leasehold improve- ments	Plant and equipment	Computer and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2001	578,841	279,645	860,306	2,006,538	1,539,514	5,264,844
Exchange adjustments	(6,018)	(147)	(1,625)	(2,244)	(8,534)	(18,568)
Acquisition of Pinniger & Partners	-	3,947	-	37,014	-	40,961
Additions	-	24,009	97,043	52,164	117,219	290,435
Disposals	-	-	(104,936)	(6,870)	(335,309)	(447,115)
At 31 December 2001	<u>572,823</u>	<u>307,454</u>	<u>850,788</u>	<u>2,086,602</u>	<u>1,312,890</u>	<u>5,130,557</u>
<b>Depreciation</b>						
At 1 January 2001	132,824	135,735	612,966	1,179,368	1,213,850	3,274,743
Exchange adjustments	(1,000)	(147)	(1,430)	(1,659)	(5,516)	(9,752)
Acquisition of Pinniger & Partners	-	2,304	-	20,014	-	22,318
Charge for the year	10,669	23,620	84,337	295,581	112,842	527,049
Disposals	-	-	(95,677)	(6,862)	(323,818)	(426,357)
At 31 December 2001	<u>142,493</u>	<u>161,512</u>	<u>600,196</u>	<u>1,486,442</u>	<u>997,358</u>	<u>3,388,001</u>
<b>Net book value</b>						
At 31 December 2001	<u>430,330</u>	<u>145,942</u>	<u>250,592</u>	<u>600,160</u>	<u>315,532</u>	<u>1,742,556</u>
At 31 December 2000	<u>446,017</u>	<u>143,910</u>	<u>247,340</u>	<u>827,170</u>	<u>325,664</u>	<u>1,990,101</u>

The net book value of vehicles above includes an amount of £90,447 (2000: £118,712) in respect of assets held under finance lease contracts. Depreciation charged in the year on those assets amounted to £28,265 (2000: £9,612)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****11. TANGIBLE FIXED ASSETS (continued)**

<b>Company</b>	<b>Freehold properties £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 January and 31 December 2001	<u>424,082</u>	<u>424,082</u>
<b>Depreciation</b>		
At 1 January 2001	108,656	108,656
Charge for the year	<u>7,632</u>	<u>7,632</u>
At 31 December 2001	<u>116,288</u>	<u>116,288</u>
<b>Net book value</b>		
At 31 December 2001	<u>307,794</u>	<u>307,794</u>
At 31 December 2000	<u>315,426</u>	<u>315,426</u>

The cost or valuation of freehold property at the end of the financial period comprises:

	<b>Group £</b>	<b>Company £</b>
At cost	519,073	370,332
At valuation	<u>53,750</u>	<u>53,750</u>
	<u>572,823</u>	<u>424,082</u>

Freehold property was revalued in 1973 on an open market value basis. Depreciation provided has been based on the revalued amount and additions at cost. In the opinion of the directors the difference between book value at cost and the revalued amount is not material.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001**

**12. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1 January and 31 December 2001	<u>5,202,081</u>
<b>Provision for impairment</b>	
At 1 January and 31 December 2001	<u>4,501,000</u>
<b>Net book value</b>	
At 31 December 2001 and 31 December 2000	<u>701,081</u>

**13. STOCKS AND WORK IN PROGRESS**

	<b>Group</b>	
	<b>2001 £</b>	<b>2000 £</b>
Raw materials and finished goods for resale	1,647,058	1,703,100
Work in progress	<u>1,513,038</u>	<u>1,404,694</u>
	<u>3,160,096</u>	<u>3,107,794</u>

**14. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2001 £</b>	<b>2000 £</b>	<b>2001 £</b>	<b>2000 £</b>
Trade debtors	9,771,667	8,907,562	-	-
Amounts due from subsidiary undertakings	-	-	3,788,000	3,619,706
Amounts due from fellow group undertakings	74,774	40,846	-	-
Other debtors	62,726	104,570	6,500	16,567
Prepayments and accrued income	177,239	181,695	-	-
Deferred tax (note 18)	<u>254,585</u>	<u>267,346</u>	<u>44,100</u>	<u>60,605</u>
	<u>10,360,990</u>	<u>9,502,019</u>	<u>3,838,600</u>	<u>3,696,878</u>

All debtors, with the exception of deferred tax, are due within one year.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	2,355	-	-
Obligations under finance lease contracts (note 16)	29,998	25,754	-	-
Trade creditors	2,227,865	2,199,562	-	-
Amounts due to group undertakings	522,860	15,980	81,805	521,284
Current corporation tax	472,000	696,929	208,000	68,000
Overseas taxation	34,787	27,933	-	-
Other taxes and social security costs	1,010,198	793,162	1,876	5,620
Other creditors	2,040,591	1,947,656	230,000	250,000
Accruals and deferred income	1,179,259	741,213	21,140	-
Proposed dividend	<u>1,650,000</u>	<u>1,800,000</u>	<u>1,650,000</u>	<u>1,800,000</u>
	<u>9,167,558</u>	<u>8,250,544</u>	<u>2,192,821</u>	<u>2,644,904</u>

The bank loans and overdrafts are secured by a cross guarantee with the parent Dalkia plc and fellow subsidiary undertakings.

Obligations under finance lease contracts are secured on the related assets.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****16. CREDITORS: FINANCE LEASE OBLIGATIONS**

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Obligations under hire purchase contracts expiring in two to five years	<u>55,141</u>	<u>87,182</u>
Instalments payable:		
within one year	37,993	37,993
in more than one year but not more than two years	<u>60,144</u>	<u>99,729</u>
	98,137	137,722
Less: Finance charges allocated to future periods	<u>(12,998)</u>	<u>(24,786)</u>
Capital outstanding	<u>85,139</u>	<u>112,936</u>
Disclosed as:		
Due within one year	29,998	25,754
Due after one year	<u>55,141</u>	<u>87,182</u>
	<u>85,139</u>	<u>112,936</u>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

<b>Group</b>	<b>Vacant Property £</b>
At 1 January 2001	267,000
Released in the year	<u>(72,000)</u>
At 31 December 2001	<u>195,000</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****18. DEFERRED TAXATION**

Deferred taxation provided in the accounts is as follows:

Amount provided/(asset)	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Accelerated capital allowances	(117,653)	(105,360)	(1,815)	(2,420)
Other short term timing differences	<u>(136,932)</u>	<u>(161,986)</u>	<u>(42,285)</u>	<u>(58,185)</u>
Total (asset)	<u>(254,585)</u>	<u>(267,346)</u>	<u>(44,100)</u>	<u>(60,605)</u>

**19. SHARE CAPITAL**

	2001	2000
	£	£
<b>Authorised:</b>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid:</b>		
700,000 ordinary shares of £1 each	<u>700,000</u>	<u>700,000</u>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****20. RESERVES**

	<b>Share premium £</b>	<b>Other reserves £</b>	<b>Profit and loss account £</b>
<b>Group</b>			
Balance at 1 January 2001	238	26,791	9,474,048
Retained profit for the financial period	-	-	192,035
Amortisation of Goodwill	-	-	(24,705)
Exchange differences on re-translation	-	-	(35,204)
Balance at 31 December 2001	<u>238</u>	<u>26,791</u>	<u>9,606,174</u>

	<b>Share premium £</b>	<b>Other reserves £</b>	<b>Profit and loss account £</b>
<b>Company</b>			
Balance at 1 January 2001	238	26,791	2,275,892
Retained profit for the financial period	-	-	182,602
Balance at 31 December 2001	<u>238</u>	<u>26,791</u>	<u>2,458,494</u>

The cumulative amount of positive goodwill written off against reserves at 31 December 2001 was £25,705 (2000: £1,000); cumulative negative goodwill of £4 (2000: £4) has been added to reserves.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001****21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Profit for the financial year	1,842,035	1,835,850	(54,398)	229,874
Dividends	<u>(1,650,000)</u>	<u>(1,800,000)</u>	<u>237,000</u>	<u>-</u>
	192,035	35,850	182,602	229,874
Amortisation of Goodwill	(24,705)	-	-	-
Currency translation differences	<u>(35,204)</u>	<u>16,951</u>	<u>-</u>	<u>-</u>
Net movement in shareholders' funds	132,126	52,801	182,602	229,874
Opening shareholders' funds	<u>10,201,077</u>	<u>10,148,276</u>	<u>3,002,921</u>	<u>2,773,047</u>
Closing shareholders' funds	<u>10,333,203</u>	<u>10,201,077</u>	<u>3,185,523</u>	<u>3,002,921</u>

**22. FINANCIAL COMMITMENTS**

Authorised future capital expenditure amounted to:

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Contracted for but not provided	<u>-</u>	<u>9,085</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Year ended 31 December 2001****22. FINANCIAL COMMITMENTS (continued)**

Commitments under non-cancellable operating leases are as follows:

	2001 £	2000 £	2001 £	2000 £
<b>Group</b>				
Operating leases which expire:				
within one year	26,558	20,600	189,315	167,378
between two and five years	268,332	259,532	860,246	963,327
over five years	207,324	251,326	-	-
	<u>502,214</u>	<u>531,458</u>	<u>1,049,561</u>	<u>1,130,705</u>

The Company had no commitments under non-cancellable operating leases.

**23. PENSION COMMITMENTS**

The Group is a participating employer in the Dalkia Group Pension Scheme, a defined benefit scheme. The scheme is separately funded and provides defined benefits that are computed based on an employee's years of service and final pensionable salary. The total cost of retirement benefits for the Company was £319,494 (2000: £294,577). Contributions are made to the scheme on the basis of advice from independent actuaries, using actuarial methods, the objective of which is to provide adequate funds to meet pension obligations as they fall due, and are based on pension costs in respect of all members of the fund.

The most recent actuarial review of the defined benefit pension scheme was at 31 December 2001. The fair value of the scheme assets at that date was £75,988,000 and the present value of the scheme liabilities was £84,800,000. Particulars of the actuarial review are included within the annual report of Dalkia plc. The assets of the scheme are held separately from those of the Group, and the Company is unable to separately identify the share of the underlying assets and liabilities related to its employees.

The scheme has been closed to all employees joining the Group after 1 January 2002.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2001**

**24. CONTINGENT LIABILITIES**

**Company**

On 10 January 1994 the Company and its subsidiaries entered into an agreement with its parent company Dalkia Plc and fellow subsidiary undertakings. A cross guarantee exists between all parties to the agreement whereby each company has guaranteed the bank current accounts of the others. Dalkia plc has an unsecured overdraft facility of £5 million.

The Company is registered with HM Customs & Excise as a member of a group for VAT purposes, and as a result, jointly and severally liable on a continuing basis for amounts owing by other members of that group in respect of unpaid VAT.

The Company has issued a guarantee in favour of HM Customs and Excise in the sum of £10,000.

At the year end the Company had issued general performance bonds to customers amounting to £10,686 (2000: £10,686).

**Group**

The Group had issued general performance bonds to various customers amounting to £111,116 (2000: £111,116).

**25. ULTIMATE PARENT UNDERTAKING**

The ultimate UK parent undertaking is Dalkia plc, a company incorporated in Great Britain and registered in England and Wales. The largest ultimate controlling entity of Dalkia plc is Vivendi Universal SA and the smallest is Dalkia International SA. Dalkia International is a joint venture between Vivendi Universal SA, through its subsidiary Vivendi Environment SA, and Electricité de France. Vivendi Universal SA, Dalkia International SA and Electricité de France are incorporated in France. Copies of accounts can be obtained from:

Dalkia Plc  
Elizabeth House  
56-60 London Road  
Staines  
Middlesex  
TW18 4BQ

Dalkia International S.A.  
Quartier Valmy  
33 place Ronde  
92981 Paris La Défense  
France

Vivendi Universal S.A.  
42 avenue de Friedland  
75380 Paris  
France

Electricité de France  
2 rue Louis Murat  
75384 Paris  
France

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Year ended 31 December 2001****26. PRINCIPAL UNDERTAKINGS**

The principal subsidiary undertakings at 31 December 2001 were:

<b>Company</b>	<b>Country of incorporation and registration</b>	<b>Proportion of ordinary shares held</b>
Parkersell (Lighting & Electrical) Services Ltd	England	100%
Parkersell Lighting Services (Ireland) Ltd	Ireland	100%
Parkersell Highway Lighting Services Ltd	England	100%
Pinniger and Partners Limited (formerly Parkersell International Lighting Services Ltd)	England	100%

All subsidiary undertakings install and maintain lighting and electrical equipment or provide associated services.

On 5<sup>th</sup> February 2002, the Company sold its subsidiary, Parkersell Highway Lighting Services Limited to David Webster Limited.